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M.L. HATCHER, CLK
U.S. BANKRUPTCY COURT
W.D. OF WA AT SEATTLE
BY ________ DEP CLK

Judge: Marc L. Barreca
Chapter: 7
Hearing Date: October 19, 2012
Hearing Time: 9:30 am
Hearing Location: 700 Stewart St #7106
Seattle WA 98101

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON

In re ADAM R. GROSSMAN	CASE NO. 10-19817 RESPONSE TO PROPOSED ORDERS RE TRUSTEE'S PROPOSED SALE OF 773 METRO WAY REDDING CA

COMES NOW Debtor Adam R. Grossman responding to the Trustee's proposed order:

1. The Shasta County Board Of Realtors & Multiple Listing Service notes, "Accepted offer on hand but subject to court overbids *in State of Washington*." (Exhibit "1")
2. As usual, the Trustee's proposal hurts – not helps – unsecured creditors.
3. § 506(b) fees eliminate even the outward appearance of benefiting creditors.
4. The belief stated by the Trustee that, "the estate is best served" with 773 Metro Way not in it, is one long-held by the Debtor.

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"Plus Ça Change, Plus C'est La Même Chose"[1]
-Jean-Baptiste Alphonse Karr

5. Debtor's previous motion to abandon both the subject property and the real property currently located at 1679 Strauss Lane, also in Redding, CA, in Dckt No. 336 is hereby incorporated by reference. This is by far the best option for creditors as it returns the most money to them the fastest. For this reason, the trustee is expected to oppose it.
6. For a summary contrasting the different outcomes, see Exhibit "2". The trustee's proposal forces secured creditors to take losses, forces secured creditors to become unsecured creditors, increases the number of tomorrow's unsecured creditors competing for tomorrow's paycheck (each therefore receiving less). The trustee suggests **using** cash by incurring current expenses rather then **generating** cash by selling future rights to own the assets or profit from them.
7. The Court is asked to enter orders proposed by the trustee which have no discernable benefit to creditors. The result actually hurts creditors. For this reason, the trustee's proposal should be denied.
8. The trustee's most recent interim report estimated the expected net value from the two mortgaged properties realized by the estate would be $0 making the opposition both then and now to an abandonment which abandons all but $7,500 inconsistent with choosing the option that produces the most cash for the estate.

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[1] "The more things change, the more it's the same old thing."

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"They'll pay 30? We'll pay 40."

-Attorney Jeffrey B. Wells[2]

9. Buyers, some new, have continued to express interest, at different prices for different arrangements, the assets of the estate in their entirety. Debtor has worked with several of them, and banks, resulting in many suggestions for these alternatives to finalizing estate administration, including motions and other suggestions available for viewing in the case docket.[3,4,5,6]

10. The market price has fallen predictably at the rate of month rent not collected, approximately $5,000/mo – perhaps a bit more.

11. PNC Bank and Well Fargo Bank NA have recorded, respectively, on the subject property and real property located at 1679 Strauss Lane, deeds of trust on November 28, 2001, January 3, 2003, and July 10, 2007, totaling $301,000.[7]

12. Counsel for both banks represents a neural position[8] but is currently facing large losses from the scheduled foreclosure of Strauss Lane.

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[2] Attorney Jeffrey B. Wells, July 20, 2012, referencing the Court's overriding guideline to obtain the most value from assets for the benefit of all creditors.

[3] Dckt. No. 336, Motion to Abandon, April 26, 2012.

[4] Dckt. No. 18 (11-01954), Motion to Intervene (re-impose the stay to prevent foreclosures).

[5] Dckt. No. 429, September 10, 2012.

[6] Dckt. No. 431, September 17, 2012.

[7] Dckt. No. 335-2, p1; Dckt No. 333-2, p1; Dckt No. 333.

[8] In response to preferred purchase options,

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Date: Thu, 4 Oct 2012
From: Jennifer Aspaas

We have no position regarding any sale of 773 Metro Way except that we would
require that we be paid in full from sale.

Jennifer L. Aspaas
Senior Counsel
Licensed to Practice Law in Washington and Oregon
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13. With assets prices more accurately projected now, the newest suggestion for the benefit of all creditors pays a negotiated price to purchase secured bank debt at a 7.5% premium over currently projected amounts repaid, assuming that banks will prefer 7.5% above market over market, and using these secured claims to pay the full price claimed[9] as gross margins for the Glennview Drive real property ($220,000) and Metro Way ($50,000) before sales cost.

14. In RadLAX Gateway Hotel, LLC v. Amalgamated Bank, 132 S.Ct. 2065 (2012), the U.S. Supreme Court recently affirmed "the generalized statutory purpose of protecting secured creditors"[10] by ruling that secured creditors were entitled to offset their purchases from the estate using their secured creditor claims in full – without offset – as if they were dollars.

15. Alternatively, a suggestion such as the one shown in Exhibit "3" is very likely still possible to fund. Lacking standing, Debtor patiently waits for the trustee to note a motion or for the Court to act *sua sponte*.

16. For the above reasons and two suggestions that appear to be better in many ways, Debtor moves the Court to deny the trustee's current motion and to order the trustee to consider better alternatives and recommend one of them to the Court.

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[9] Dckt. No. 343, Declaration Of Denice Moewes In Support Of Trustee's Motion To Approve Compromise And Settlement, May 10, 2012.

[10] RadLAX Gateway Hotel, LLC v. Amalgamated Bank, 132 S.Ct. 2065 (2012). While this was determined based on the provisions of 11 U.S.C. § 1129(b)(2)(A), the "protecting secured creditors" applies even more in the present case having no stay in effect.

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"Subject To Overbids In The State Of Washington"
–Broker's Comment re: 773 Metro Way Listing

17. The motion to sell the property is defective. The offer presented to the court is misrepresented. The motion seeks authorization to sell the house at $140,000 but the offer by the buyers shown is for $135,000.
18. The proposed order does not change the 17 day inspection contingency which is usually the first change when time is of the essence.
19. The MLS listing was created on September 25 (see Exhibit "1") in contrast to Dckt No. 438 which states the broker "listed the property for sale on September 9, 2012, ...[and] had numerous inquiries." The sworn declaration was signed by Rob Middleton on September 28, 2012. The testimony suborned is on the letterhead of Wood & Jones. The submission, unsigned by an attorney, violates Rule 9011. The testimony strongly suggests Rob Middleton's legal opinion questions title.
20. The MLS listing says that the offer is, "subject to overbids in the state of Washington."[11] (See Exhibit "1")
21. For these reasons, Debtor moves the Court to deny the trustee's motion and to order the trustee to choose, or order the trustee to prepare a more detailed submission to the Court to review, one or more solutions that provide more money, faster to the creditors.

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[11] Good faith overbids, especially commercial ones, from the other 49 states deserve the same credit as those from the State of Washington securing interstate commerce and full faith and credit as universal doctrine in all states.

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"$109,999 ea. 'as is' for one or both and offset by encumbrances"
(Foreclosures Hurt Creditors)

22. "$109,999 ea. 'as is' for one or both and offset by encumbrances" is the most recent, most simplified, most clearly superior offer that can be funded on short-notice at the current time. Wells Fargo Bank has proof of funds on file from one interested party.

23. The trustee's current plan allowing Strauss Lane to go into foreclosure hurts creditors. The senior secured creditor incurs expenses and takes losses. Junior secured creditors lose rights in non-judicial foreclosures in California. Avoided junior creditors join the ranks of current unsecured creditors and compete for tomorrow's paycheck, receiving less of it. The plan to accept even $135,000 for Metro Way is far worse for creditors than doing nothing. (See Exhibit "2")

24. Under any arrangement of the properties described on this page and through abandonment with irrevocable escrow instructions signed in advance, ***unsecured creditors can receive $60,000 rather than nothing, and secured creditors won't face hassle, waiting, costs, and § 506(b) carve-outs while for existing unsecured creditors it's even worse than receiving nothing because they face $40,000 more unsecured debt crowding them out solely as a result of the business judgment of the trustee***. (See Exhibit "2")

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"For Benefit Of All Creditors"

-RCW 7.8.010

25. A group of investors, some creditors, are interested in purchasing both Strauss Lane and Metro Way "as is" with everything exactly "as is" according to the public records in this docket. Buyer will pay $450,000 less offsets for existing debt secured by the properties. For loans in default, they will cure the defaults.

26. The $450,000 will be paid semi-monthly in $37,500 increments for 6 months.

27. Each $37,500 payment shall be remitted as follows:

A) Secured credit claim purchases with credit-purchases of other assets. (p. 4)

B) $1,000 paid to the estate as a purchase for the properties.[12]

C) $11,500 paid to participating creditors mimicking the priority of the Code.

D) $25,000 paid to selected creditors of the buyer's choice.

E) Curing defaults will have priority over A), B), and C).

F) Any approved creditor may participate by returning application an fee.

G) The application fee is a one-time 0.75% processing fee.

H) Joe and Jodi Cerami's contract will be honored.[13]

I) In two days, contracts signed, bond posted to ensure performance.[14]

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[12] This assumes initially encumbered properties before refinancing.

[13] If they do not voluntarily waive the obligation.

[14] In two business days following entry of orders, $1,000/hour penalty until contracts are signed and bond is posted / EMD deposited to ensure performance.

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"It's one for you, nineteen for me."

-George Harrison, 1966

28. The creditors in the estate should jump for joy and dance a jig if at the end of being "administered" they are lucky enough to receive a five percent dividend.

29. Debtor's new counsel regrets confusion from new focus on filing more and noting less. With full awareness of what does and does not constitute a motion, the dual goals of filing more information and achieving a higher rate of motion success will have the attributes of fewer motions noted and more pages filed.

30. Debtor's new counsel will carefully watch for signs indicating which motions might be more welcome prior to noting them. The Court, and other readers of this docket, can see that a list of possibilities include:

    A) Abandonment of two properties as submitted in Dckt. No. 336. (p. 2)

    B) Secured credit claim purchases with credit-purchases of other assets. (p. 4)

    C) Exhibit "3"-like purchase. (p. 4)

    D) Same terms, one or both, encumbered or unencumbered. (p. 6)

    E) "For the benefit of all creditors" buyer paying down substantial debt. (p. 7)

31. Where Debtor lacks standing or authority, the trustee's standing and the Court's authority to act *sua sponte* with little restriction pursuant to 11 U.S.C. § 105 will be welcomed – e.g., orders to submit more detailed proposals.

DATED this 17th day of October, 2012.

Adam R. Grossman
PRO SE

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Exhibit "1"

773 Metro Way

773 Metro Way Redding, CA 96003

MLS #12-3942

Property sold "as-is" subject to buyer's inspections. No power is on, front and backyard landscaping is dead and heating/air conditioning system needs replacing as it was not working according to previous property manager. Bankruptcy court approval needed. Several electrical fixtures need replacing. Cash buyer is probably needed.

Remarks

Bankruptcy Court approval needed. Accepted offer on hand but subject to court overbids in state of Washington. Please call lissting agent for more info. Please use Sandy Pope at First American. Lock box front door.

Contract Information

Status	Active	List Date	09/25/2012
Status Change Date	09/28/2012		

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Exhibit "2"

Contrasting benefit to creditors in two different scenarios. Neither includes overhead. The Creditors' Vision assumes creditor interest at the $8,500 level. The trustee's assumptions are used for illustrative purposes.

Trusee's Vision:

Item		**Amount**	**Total**
Offered Purchase Price		$135,000	
Closing and Sales Cost	6.0%	($8,100)	
Cal. R.T.C. § 18662	3.3%	($4,500)	
PNC Bank		($95,000)	
(est.) 11 U.S.C. § 506(b)	10.0%	($13,500)	
Trustee Fees	5.0%	($6,750)	
Gross Margin		$7,150	
(per month) Lost Rent	$1,050		
(total) Lost Rent	18	($18,900)	
Net Margin			($11,750)
Newly unsecured creditor #1		($13,000)	
Newly unsecured creditor #2		($13,000)	
Newly unsecured creditor #3		($15,000)	
Effect of Unsecured Debt			($41,000) †
Net Assets			$0
TOTAL			**($52,750)**

Creditors' Vision:

Item	**Amount**	**Total**
Offered Purchase Price	$135,000	
PNC Bank	($95,000)	
Secured creditor	($13,000)	
Secured creditor	($13,000)	
Secured creditor	($15,000)	
Net Assets	($1,000)	($1,000)
Net Margin		$0
Effect of Unsecured Debt		$8,500 ††
TOTAL		**$7,500**

† This hurts existing creditors.
†† E.g., buying a two-year option to acquire future rights

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Exhibit "3"

To: Ron Brown <rgblaw@nwlink.com>

October 11, 2012
12:00 pm

Suggestion For Agreement in Principle

A) Summary of Agreement: This Agreement in Principle proposes a voluntary alternative process which will be offered to all claimants having any claim to assets in the estate 10-19817 MLB. Each claimant may, at their sole discretion, choose either:

1. To process their claim through the standard bankruptcy claims process as administered by the trustee; or,

2. To waive all rights they may have within the bankruptcy process, withdraw any claims they may have, and become a member-owner of a yet-to-be-formed non-profit along with other similarly inclined claimants who together through the non-profit will purchase the assets of the estate for the purpose of apportioning, partitioning, selling, refinancing, or otherwise dividing the purchased assets and distributing them proportionally to all of the member-owners of the non-profit for the benefit of all creditors.

B) Who is making the proposal: This proposal is submitted on behalf of a yet-to-be-formed non-profit company ("non-profit") whose registration will be filed immediately upon execution of this Agreement in Principle. Several creditors have agreed in principle to act as interim trustee of the non-profit upon acceptance of the Agreement in Principle.

C) Scheduled Payments To The Estate:

Payments To The Estate	
Start Date	Immediately[1]
Frequency	Monthly: on the 1st of each month (plus 1st payment)
Each Payment	$20,000[2]
Total Not More Than	$50,000 per property included in sale
Total Not Less Than	$175,000
Total Not Less Than	➢ all payments ➢ paid by the estate ➢ paid to any creditor ➢ if creditor has completed reimbursement application ➢ if creditor paid one-time 0.75% application processing fee

D) Who is eligible to participate as an owner of the non-profit? All claimants in the estate 10-19817-MLB Western Washington having an unpaid claim that is recognized by the trustee and having no objections filed as of the time this proposal is accepted are eligible to participate at the rate of $1 Payment Request per $1 of face value of unsecured claim that is voluntarily withdrawn from the estate. Claimants not recognized by the trustee may participate at the rate of $1 Payment Request per $1 Cash paid into the treasury of the non-profit.

E) Why would any creditor choose to participate as an owner in the non-profit? The trustee has already predicted that unsecured creditors will receive nothing ($0) under estate administration but the non-profit using the assets of the estate and privately bonded will pay any unsecured creditor who participates 100% of the face value of their claim if they are willing to wait 365 days.

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1 Immediately upon acceptance of this Agreement in Principle.
2 The last payment may be smaller.

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Exhibit "3" (cont.)

F) Selected Details

1. Non-profit to purchase all assets claimed, disputed, collected, or entitled.[1]
2. Estate to guarantee clean title.
3. Trustee to choose a title company, escrow agent, and date to close escrow.
4. Estate to receive banker's confirmation of funds availability.[2]
5. Number of claimants opting to participate shall not vary these terms.
6. Mr. Grossman to comply with all requests by non-profit.[3]
7. Mortgages to be paid current at close of escrow.[4]
8. Bank negotiations referenced in Docket #368 are successful.
9. Detailed final agreement drafted and signed.
10. Detailed final agreement approved by the bankruptcy court.
11. Trustee Fees to be paid by the non-profit implied as if fully administered.
12. Estate to pay SEC-required, CPA-prepared, GAAP-compliant fund accounting.[5]
13. Non-profit to be bonded in accordance with vote by member-owners.
14. Any order in 10-19817 or related cases might affect the terms in this suggestion.[6]

G) Proposed Payments To The Member-Owners. At any time after the creditor has submitted an application and one-time application processing fee of 0.75% of the dollar amount claimed, unpaid and qualifying under this proposal the creditor may request payment to be paid within [N] days. The non-profit will schedule a payment in [N] days after the date this proposal is accepted in the amount of [N] multiplied by 1/365th of 100% of the amount requested plus reasonable costs for attorney fees plus interest accruing at 1%/month as of the date this proposal is accepted.

H) For example, a creditor with a $5,000 claim opts out of the bankruptcy claim process and submits an application and one-time application processing fee of 0.75% ($37.50) of the dollar amount claimed.

The creditor may request a payment in:

25 days	for	$342	(25/365 = 7% of $5,000)
100 days	for	$1,360	(100/365 = 27% of $5,000)
250 days	for	$3,420	(250/365 = 68% of $5,000)
365 days	for	$5,000	(365/365 = 100% of $5,000)

I) Reasons The Bankruptcy Court Will Like This Proposal

- Creditors treated proportionally, pro rata, and equally.
- Creditors may participate, or not, at their sole discretion.
- Creditors may be paid 100% of the face value of their claim by waiting.
- Creditors are not required to participate.

I, Ronald G. Brown, Trustee, agree in principle to these terms and conditions.

________________________________ ________________________________

Ron Brown, Solely in his capacity as Trustee Print Date

[1] All assets including five (5) real properties located at 39th Ave, Strauss Lane, Metro Way, Montcrest Dr, and Glennview Dr and all monies collected or entitled. An adversarial complaint will be initiated to recover properties the trustee has so far refused to request turnover.

[2] Upon execution of this Agreement in Principle.

3 Assigning, leasing, optioning, quit-claiming, granting limited power-of-attorney, and co-operating in any manner upon request of the non-profit.

[4] To assist cash-flow needs to estate, non-profit to secure 0% line of credit for estate granting lender a security interest in rights to future payments.

[5] To assist cash-flow needs to estate, non-profit to secure 0% line of credit for estate granting lender a security interest in rights to future payments.

[6] An agreement in writing may extend the duration of this proposal.

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